George Bush and the trade bill

by Chris White

The 1,000-page plus legislative monster known as the Trade Bill of 1988 finally passed through the U.S. Senate April 27, but did so four votes shy of the number required to override an expected presidential veto. Does the vote doom the monster it has taken U.S. legislators three and a half years to produce? By no means. This financial and economic warfare package, called a trade bill, will continue to function as one of the principal weapons in the U.S. financial elite's arm-twisting and blackmail arsenal for the coming months.

In the United States, the President's veto has been tied to a demogogic public debate between gangs supposedly representing "big business," on the one side, and "big labor," on the other. One item in the bill has been the focus of their contention, namely, the requirement that 60 days' notice be given before the implementation of plant closure and layoff plans. So-called labor, and liberal Project Democracy-type Democrats, neo-isolationist to the core, like the wily old grandma of the House, Jim Wright, have insisted on the inclusion of the notification provision. The Chamber of Commerce and the Business Roundtable mobilized against it. Apparently, if the public side of things is to believed, the President was so swayed by the latter, that the bill was doomed from the moment the House of Representatives refused to remove the offending provision. Unlike the Senate, the margin of passage in the House, by three to one, was sufficient to override the anticipated veto.

The sticking point, the plant closure question, actually has nothing to do with what's known to be going on behind the scenes. Even though, during an election year, it does have the obvious demogogic appeal, and moreover, does, ridiculously enough, include banks among the "plants" that would be required to give advance notice of closure. It's not difficult to imagine the chaos that would ensue if the nation's bankrupt banks were forced to give 60 days' notice of their intent to shut their doors. Such a measure might well qualify as a far more effective "circuit-breaker" than anything that is presently being discussed for stock and futures markets. Presumably, the financial system would simply come crashing to a halt.

What's more to the point, behind the scenes, is the interrelationship between George Bush's presidential aspirations, the dependence of the U.S. financial system on continued inflows of funds from Japan especially, and the more perverse of the provisions which remain as the core of the bill, after the plant closure veto hook is left aside. Enactment of those features of the bill, if Japan's reaction is any indication at all, might well prove to be the straw that broke the camel's back, where Japan's willingness to continue to bear the burden of financing U.S. deficits is concerned. George Bush's hopes would go the same way as the foreign financing.

House passage of the bill, with its veto-proof margin, in the week ending April 23, elicited the kind of reaction from Japan that hasn't been seen in the entirety of the postwar period. A meeting of the Japanese cabinet April 22 produced an official statement from the spokesman for Prime Minister Noburu Takeshita, warning of the consequences for the world economy, if the bill were passed. The head of the Ministry of International Trade and Industry denounced U.S. "superpower arrogance" and "racism," asserting that the bill isn't a trade bill at all, but an effort to take out the failures of U.S. economic policy on Japan. Senate passage was greeted by a new barrage from the Japanese government, warning again of the consequences for the world economy, and reminding the United States, forcefully, that President Reagan had promised the Takeshita government that the bill would be vetoed.

Specific measures, designed to inflame Japanese tempers, include the following, beyond a blanket mandate given to the President to determine what kind of retaliation should be taken against countries deemed practitioners of "unfair" trade practices. 1) A ban imposed on the Toshiba Company, preventing it from doing business in the United States for three years. This, supposedly in punishment of the Toshiba Company's trading with the Russians, even though Toshiba has already been held accountable under Japanese law. 2) A ban on certain Japanese securities dealers, prohibiting them from dealing in primary markets for U.S. government debt, unless the same privilege is accorded U.S. securities dealers in Japan within a year. Apparently, U.S. dealers already have such privileges. The measure excludes Crédit Suisse. 3) The empowering of the U.S. Treasury Secretary to negotiate "appropriate" levels for the dollar exchange rate of those countries which not only maintain a trade surplus with the United States, but also with the world economy as a whole.

Japanese support jeopardized

There are other noxious features to the package, but the cited three give some idea of why Japan in particular would react the way it has. Japan accounts for about $80 billion of the $160 billion foreign funds inflow which is required to maintain the appearance of solvency for the U.S. financial system. In large measure, the commitment of George Bush's campaign managers, like James Baker at the Treasury Department, and Nicholas Brady, chairman of Dillon, Read and head of the President's commission on the Oct. 19 stock market crash, to try to keep the financial system together, through the November elections, hinges on the continuance of that flow of funds from Japan.

In that light, it may be assumed that the veto pledge will be honored, and that the package that has been worked on for three and half years now will be shelved, at least until after May 11. The Treasury's quarterly debt auction takes place May 10 and 11, and to keep the Bush game going, Japanese participation is required.

Aside from the specific targeting of Japan, and Japanese interests, paralleled in the bill's attack on the European Airbus industries, the assumptions which underlie the bill have aroused the ire of Japanese and Europeans alike. This has been expressed recently by West Germany's former economics minister, Otto Graf von Lambsdorf, and by the editors of London's *Financial Times*.

In presuming to enact, unilaterally, legislation aimed at what has previously been within the domain of international law, and bilateral relations between states, the United States is presuming the authority and ability to overthrow the entire structure of international trade law, while also presuming to dictate terms regarding the internal conduct of respective countries economic policy. The outlook which underlies the trade bill reflects the same kind of thinking which has been applied against Panama.

Perhaps the anticipated veto will encourage Japan to continue to provide funds this time around. Over the longer term, however, the kind of psychotic thinking about how the United States should conduct international policy, which is reflected in the bill, is guaranteed to make everything much worse. It's the same kind of "dog-eat-dog" approach which has come to characterize the internal affairs of the U.S. banking system. The idea that "might makes right," that the irrational assertion of, and imposition of one's arbitrary will upon another, is the cornerstone of policy. It's the kind of outlook against which the United States went to war in 1941, and against which, as the Declaration of Independence and Constitution attest, the United States was itself built as a nation. The trade bill enshrines that kind of fascist world outlook as the core commitment of U.S. foreign policy for the period ahead. Little matter then, whether the Japanese continue to provide funding for the U.S. financial system, or not. Such a world, of brutal genocidal austerity, won't be a world in which anyone who is sane will either want to live, or yet, be able to live.

What kind of veto

Meanwhile, the Japanese, and others, wait to see whether the President will exercise his veto, and if he does, how it will be formulated. Apparently there are three views on this. In one, the President would simply veto the bill, on the grounds of the unacceptable plant closure provision. This, perhaps, would permit the package as a whole to be represented, without the offending provision. In a second version, two offending measures would be identified, beyond the plant closure matter; in this view, restrictions on exports of Alaskan oil would also be identified as unacceptable. Proponents of this view argue that the inclusion of this measure, in the reasons for the presidential veto, might be sufficient to induce Alaska's two senators to change their vote, and support the stripped-down bill. Third, would be to simply dismiss the bill as a whole as unacceptable.

Whatever the President decides to do, the decision would then fall back on Robert Byrd and the Democratic leadership of the Senate, either to resubmit a bill stripped of the features that the President finds unacceptable, or not. And if the first, then the question will become, when to so resubmit. Before this year's election, or after?

Given the relationship between Bush's presidential hopes, and the need to maintain funding from Japan, reintroduction of a stripped-down bill, sometime before the elections, may turn out to be most tempting to the Democrats. For passage would almost certainly doom the presidential aspirations of the Republicans. But on the other side, as far as the rest of the world is concerned, failure to pass anything, after three and half years, may also be taken as the final proof that there is no-one capable of minding the store in the United States at all, and that therefore there is no further reason to wait for anything from the United States, because it isn't going to come, until the "unilateralist" fascism that underlies this bill, and other areas of U.S. policy, is junked.